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SUBJECT: CABINET APPROVES 200 KD (\$692) GRANT FOR ALL KUWAITI
CITIZENS TO "LIGHTEN THEIR FINANCIAL BURDENS"

REF: A) KUWAIT 2929

B) KUWAIT 1505

C) 05 KUWAIT 4483

¶1. (U) The Cabinet approved July 23 an Amiri directive giving all one million Kuwaiti citizens a single financial grant of 200 KD (\$692). Deputy Prime Minister and State Minister for Cabinet Affairs Dr. Ismail Al-Shatti said the grant was given "to ease the financial burdens suffered by the Kuwaiti citizens." (Note: Kuwaitis do not pay any taxes and enjoy substantial welfare benefits (ref A). End note.) The directive must be ratified by Parliament, which is scheduled to return from summer recess on October 30, but may hold an extraordinary session in the next couple of weeks to approve the directive. Citing an unnamed Government source, local dailies estimated the total cost of the Amiri grant to be roughly 200 million KD (\$692 million). The Cabinet also discussed a draft bill proposed by some MPs to raise the social allowance paid to Kuwaiti civil servants by 50 KD (\$173) per month. The Cabinet referred the bill to the Ministerial Economic Committee for further consideration. The Cabinet is also re-considering a parliamentary proposal to forgive loans taken out by Kuwaiti citizens (ref C).

¶2. (SBU) Comment: This grant is likely a further attempt by the Government to improve its relations with the Kuwaiti public after the turbulent last couple of months. It is also a means of distributing the revenues of the current oil windfall. Similar measures are expected to be demanded by parliamentarians and approved by the Government over the next several months. A similar Amiri grant was given to Kuwaiti citizens in 2004. Some complained, however, that the grant was too small to justify the hassle of going to the Citizens' Services Agency to pick it up. End comment.

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